PLANNING YOUR SAP S/4HANA MIGRATION - DON'T GET LEFT IN THE STATION

19 Jun 2024 by Andrew Spicer

Long-term SAP users face a looming milestone with mainstream maintenance support for SAP's legacy ECC platform set to expire at the end of 2027.

That seems like a long way from now, but if you think about what goes into an IT transformation project that deadline is starting to look decidedly near at hand. In terms of budgeting and business planning cycles, it's really only a couple of years away. So it needs to start now!

There are many high-profile examples of organisations already in the process of adopting SAP S/4HANA Cloud, the cloud-based version of SAP's enterprise resource planning (ERP) platform.

But my informal conversations with customers and partners in New Zealand's SAP ecosystem suggest that around half of legacy users of SAP's platform haven't yet started their migration to SAP S/4HANA.

The cost of dragging the chain

Many risk missing the train if they are not in the station and ready to get on board by early 2025 at the latest. The implications for those that drag the chain on migrating is that they'll miss out on new functionality and security, have to pay extra in extended maintenance charges and likely higher support costs due to the effort required to obtain services from third-party SAP experts to carry on maintaining their ageing ECC system.

Some SAP customers will be willing to take that risk and bear the additional cost. But with prudent planning now, there's still time to make an orderly transition. SAP is attempting to ease the way with its RISE with SAP and GROW with SAP packages.

For instance, if you go ahead and subscribe to SAP S4/HANA Cloud now, SAP will essentially make the first year's subscription zero cost. So you will not have to pay for the new system and pay to maintain your legacy system at the same time, making the transition period cost-neutral. That will help with the financial implications of the migration.

We know from our experience at Realtech that while an IT transformation project can take two years from planning to completion, the migration to SAP S/4HANA Cloud itself can usually be undertaken in a matter of a few months.

Start planning your migration now

As our work with ICT and other clients shows, it doesn't have to be a complicated exercise in and of itself. But SAP is usually at the heart of the business, so there are decisions to make about your existing platforms and applications in general. Are you essentially doing a big update, or taking a greenfields approach? What will you do with your existing data? Are there regulatory and legal considerations to take into account?

Your business also has its own annual cycle you need to account for. When in the year are budgets decided? Is there a peak time of year when your business is at its busiest? When is it possible to get the bulk of an ERP migration done?

This is why planning for an SAP S4/HANA migration really needs to start now. There will be numerous things to consider that will determine how long the entire process will take.

My advice to SAP customers running legacy systems is to use this looming deadline as an opportunity to modernise your business, reduce technical debt, and set your business up for the next decade of growth.

Our experience can help you

At Realtech, we've partnered with dozens of clients who are already realising the benefits of using SAP S/4HANA Cloud Public Edition or SAP S/4HANA Cloud Private Edition and the advantages of working in the cloud. This platform really is the future of SAP, and that future is here and now.

If you are pondering how and when to make the move to SAP S4/HANA, get in touch, we are more than happy to help and walk through how we have helped our customers on their own migration journeys.